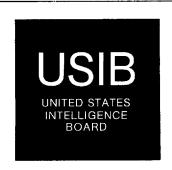
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State Dept. review completed

DIA review(s) completed.

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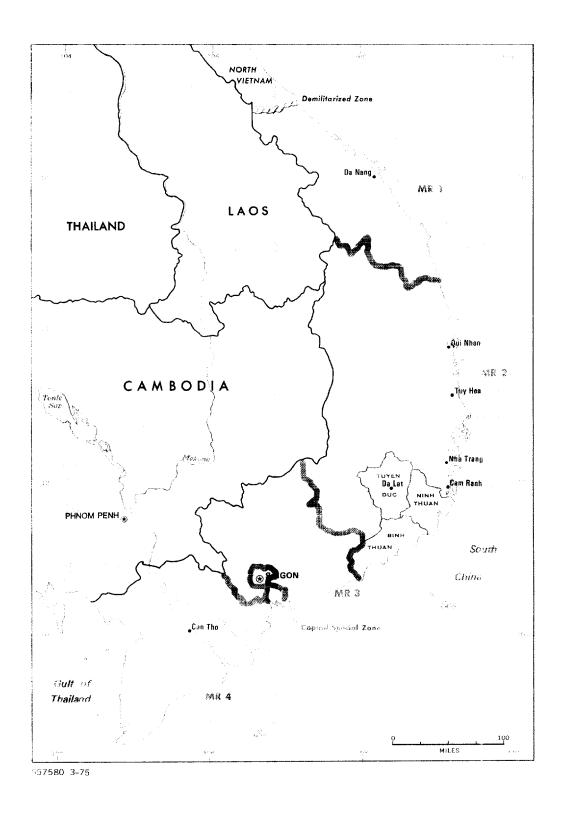
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SOUTH VIETNAM

An estimated 16,000 government troops, including much of the marine division, have been evacuated from Da Nang and the northern provinces to Cam Ranh, where they are being regrouped and refitted before assignment to potential battlefronts in the southern half of the country. General Truong, Military Region 1 commander, has joined his troops there, but his future plans or assignment are unknown. President Thieu has blamed Truong for the loss of Da Nang, saying that Truong disobeyed orders to defend the city to the end.

There is no accurate estimate of how many civilians have been evacuated from Da Nang, but the number probably runs to more than 50,000. The North Vietnamese closed the port by firing rockets at the boats in the Da Nang harbor yesterday; many people are stranded on offshore islands and in small boats along the coast. Communist successes in cutting Route 1 along the coastal strip in both the northern and central provinces have cut off the refugee flow. Many thousands of displaced persons continue to clog Qui Nhon, Tuy Hoa, Nha Trang, and Cam Ranh as well as other smaller towns along the coast.

The South Vietnamese are desperately trying to control the rapidly slipping situation in the seven remaining provinces of MR 2. On Saturday, the military command structure was reorganized into four separate commands in order to better defend the areas still held by the government. Last-minute organizational changes, however, are unlikely to reverse the current battlefield situation. Despite sustaining some heavy losses, the North Vietnamese 3rd Division is moving close to Qui Nhon, and the ARVN airborne brigade was forced to pull back from its blocking position northwest of Nha Trang yesterday. MR 2 commanders are now also concerned about the growing communist threat to their three southeastern provinces of Binh Thuan, Ninh Thuan, and Tuyen Duc-the city of Da Lat is located in Tuyen Duc.

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No major fighting has been reported in the provinces close by Saigon or in the delta over the weekend. Fears are rising, however, that new communist pressure may soon be applied to the two regions and that the collapse of military and civilian morale that occurred in the northern two regions may spread south. The communists are continuing to concentrate their forces in the northern and central delta provinces, especially around the region's major city of Can Tho, and now are in position to move several divisions to the provinces north of Saigon. Early major communist attacks in these two areas would make it difficult for the government to consolidate and redeploy its forces for the defense of MR 3 and MR 4.

Political repercussions in Saigon are mounting. Sentiment for the removal of President Thieu from office is likely to escalate as the dimensions of the present communist threat and the government collapse in the northern half of the country sink in.

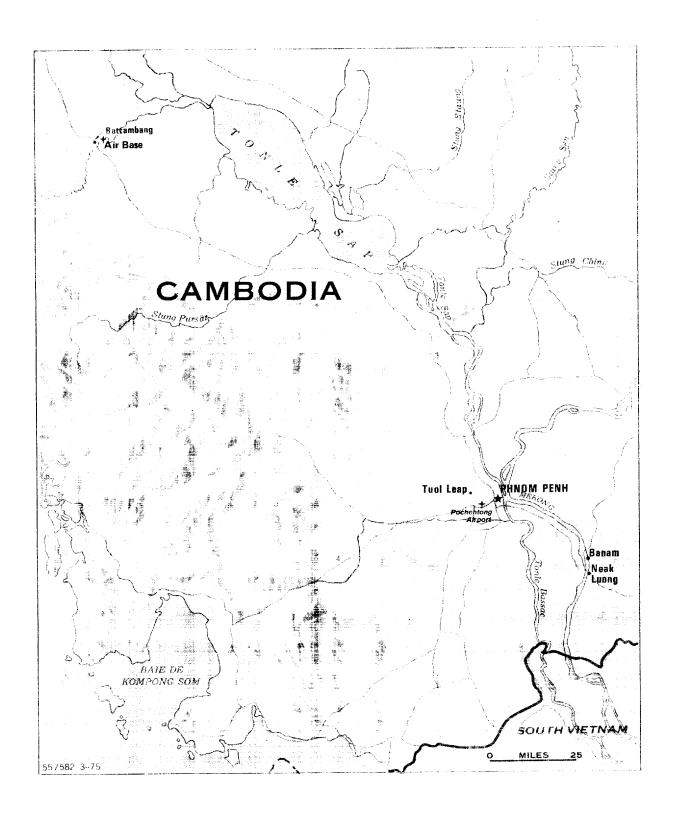
At the moment, Thieu's greatest strength appears to be the absence of a readily apparent alternate leadership within either the military or the political opposition. The President's position has nevertheless been seriously, and perhaps irreparably, damaged as a result of the decisions that set into train the massive and disorganized government retreats in Military Regions 1 and 2.

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Although a number of prominent po	litical opposition
leaders are stepping up their demands parture and the formation of a new "go union," there is little agreement either for Thieu or on policies that a new go adopt. Widespread or enthusiastic backlacking for former vice president Ky, "Big" Minh, or any other potential oppoint. For the time being, the politic will probably have little choice but to sidelines, watching for any sign of a the military to arrange Thieu's resign.	vernment of national er on a successor vernment might king appears to be General Duong Van osition rallying cal opposition oremain on the concrete move within
die military to arrange infed s festant	action of ouster.

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CAMBODIA

US airlift operations into Pochentong resumed on March 29 following a 24-hour suspension. The insurgents meanwhile continued their rocket and artillery attacks over the weekend with at least 44 107-mm. rockets and two 105-mm. howitzer rounds landing in the vicinity of the airport.

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The communist attacks on Pochentong not only are adversely affecting the airlift, but are also interfering with government air force operations. Maintenance has been slowed, and shrapnel damage has put a number of aircraft out of commission—six aircraft on March 29 alone.

The government's operation west of Pochentong to retake Tuol Leap and to push the insurgents out of rocket and artillery range has been effectively blocked.

Northwest of Phnom Penh, government forces stabilized the situation after the insurgents failed to exploit a significant break in the capital's defense perimeter.

The situation at Neak Luong and Banam is reported critical, as the insurgents cut the enclave in half over the weekend. The insurgents have massed 6,000 to 7,000 troops in their drive against some 4,000 government troops. Should Neak Luong and Banam fall, the insurgents would be expected to send many of these troops to Phnom Penh's southern defense perimeter.

In the far northwest, communist forces have moved even closer to the provincial capital of Battambang and now pose a threat to the city itself and the nearby enclave.

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EGYPT

In his speech to the nation on Saturday, President Sadat set forth a policy of surprising moderation apparently designed to demonstrate to Israel and the world his continued desire for peace. At the same time, however, he signaled that there were some limits to his patience.

Sadat deliberately played down militant themes. He said he had decided to extend the UN Emergency Force mandate and to reopen the Suez Canal because of his concern about the reaction of "the world." He said he had rejected the angry and emotional response to the breakdown of disengagement negotiations that most expected from him because he believes that Egypt could not be responsible for confronting the "international community" with a sudden crisis by canceling the UNEF mandate when it expires on April 24.

Using a similar rationale for reopening the canal, Sadat said that Egypt cannot deprive the "peoples of the world" of an important trade route, inasmuch as the canal had been closed through "no fault of their own." Sadat issued a warning, however, in both instances. He said that, in agreeing to extend the UN mandate for three months rather than the usual six, he wanted to make clear that there is a limit to both time and patience. He emphasized that Egypt is able to protect the canal and will use its "deterrent capability" if Israel infringes on either the canal or the canal cities.

Sadat avoided strident recriminations against Israel, speaking in a low-key fashion of Israel's "weakness" rather than of its "intransigence," but he seemed intent on demonstrating that Egypt is more interested in peace than is Israel. He spoke repeatedly of the need to explore all avenues, even though he might have "nothing but a single candle in the pitch-black darkness."

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Sadat undoubtedly intended to put the burden on Israel, both to move toward peace and to refrain from military provocation. A reopened canal will place some restraints on both sides against renewed warfare, and the decision to extend the UN mandate will place equal obligation on each side to abide by the cease-fire.

Israeli officials have reacted cautiously to Sadat's decisions. Despite Prime Minister Rabin's negative reaction to the extension of the UN mandate for only three months, other spokesmen have noted the moderate tone of the speech and have commented that the door is open for continued dialogue.

Sadat will almost certainly face criticism from some Arab states. There is no indication that he cleared his decision on the UNEF mandate with Syria, whose own UN mandate expires at the end of May. Indeed, Damascus radio stated a few hours before the speech that Egypt and Syria had decided not to renew the mandates unless "tangible" progress had been made toward achieving Israeli withdrawal. The leader of the Syrian-controlled Saiqa fedayeen organization stated publicly on Saturday, before the speech, that extension of the mandate would amount to "surrender to Zionist blackmail."

Sadat clearly indicated in his speech that he anticipates criticism from the Arabs, but that he intends to ignore it as long as he can. He apparently feels that his rejection last week of Israel's terms for non-belligerency proves his dedication to the Arab cause well enough to permit some independence. In his speech, he frequently said that Egypt must make its own decisions on what to do next.

He also signaled, however, that he cannot maintain Egypt's independence indefinitely. He said that Egypt will submit a plan of action to the Arab summit scheduled for June, and he "hopes" it will be agreed upon. Sadat's record for exercising a free hand during plenary sessions with his Arab allies has not been good, and the new date for expiration of the UN mandate follows closely the June summit.

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EGYPT - SUEZ CANAL

If Egypt follows Sadat's timetable and reopens the Suez Canal in June, the waterway will have less capacity than it had before closure in mid-1967. Night transits will be impossible and day operations curtailed, because new navigation lights and systems for ship monitoring and communications are unlikely to be installed before October.

Because of slow progress in removing rubble from the Israeli causeway at Deversoir and the need to dredge accumulated silt, ships using the waterway during the first months after the canal reopens will be limited to drafts of 35 feet, rather than 38 feet as before the canal was closed.

The canal authority has worked out a temporary traffic control system and has trained a cadre of pilots. In a dry run during the first week in March, operations reportedly went smoothly. Now that wreck removal has been completed, the only task between now and June is for the British to carry out a precautionary final sweep for explosives. This check, not part of original plans, is intended to reassure potential users of the canal and to dispose of any explosives thrown into the waterway by Egyptian land forces that cleared the shoreline.

Once reopening is official, the 15 foreign merchant ships trapped in the canal since 1967 will depart, follow-	
ing safety checks by marine insurers.	25X1

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TURKEY

Justice Party leader Suleyman Demirel seems to have succeeded in obtaining parliamentary support to form a right-of-center coalition government.

Demirel's efforts to piece together a government were greatly aided last Friday when nine parliamentary deputies of the Democratic Party resigned from that party and indicated they would support him. On Saturday, Demirel met with leaders of the National Salvation Party and two other rightist parties to discuss the composition of a National Front government. Demirel stated yesterday that he hoped to submit a list of proposed cabinet ministers to President Koruturk today.

Koruturk is not required to accept the proposed government. Demirel, however, met with the President for nearly three hours yesterday, and his statement after the meeting suggests that he believes Koruturk will approve the government.

The president will also be concerned about the possibility of increased political violence in Turkey. On Saturday, one student died in a clash between leftists and rightists in Ankara after it was revealed that a right-of-center government is expected to be formed. Yesterday, explosions ripped through two offices of one of the small right-wing parties in Demirel's National Front.

If Koruturk gives his approval, Demirel will then have to submit a governmental program to parliament for a vote of confidence. Parliamentary approval will not be automatic. Even with the support of the dissidents from the Democratic Party, the coalition would have no more than a bare majority.

Should Demirel surmount these hurdles, he would still have to prove to the Turkish military that he can rule effectively. His inability to control political violence in 1971 led the military to force his government to resign.

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